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# HOUSE RESEARCH ORGANIZATION

## daily floor report

Monday, August 07, 2017  
85th Legislature, First Called Session, Number 14  
The House convenes at 2 p.m.

Two bills and one joint resolution are on the daily calendar for second-reading consideration today:

HJR 30 by Roberts	Allowing property tax exemptions for disabled first responders	1
HB 179 by Roberts	Property tax exemption for disabled first responders, surviving spouses	4
SB 6 by Campbell	Changing annexation procedures and restrictions	7

The House also is scheduled to consider three bills on third reading.

The House Appropriations Committee was scheduled to hold a public hearing in Room E1.030 at 10 a.m. The Health and Human Services Transition Legislative Oversight Joint Committee was scheduled to hold a public hearing in Room E1.036 at 11 a.m. or on adjournment of the House and Senate. The Elections Committee was scheduled to hold a formal meeting in Room 1W.14 (Agricultural Museum) at 2 p.m. or on adjournment.



Dwayne Bohac  
Chairman  
85(1) - 14

**SUBJECT:** Allowing property tax exemptions for disabled first responders

**COMMITTEE:** Ways and Means — favorable, without amendment

**VOTE:** 9 ayes — D. Bonnen, Y. Davis, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

2 absent — Bohac, E. Johnson

**WITNESSES:** For — Charley Wilkison, Combined Law Enforcement Associations of Texas, CLEAT; Frederick Frazier, Dallas Police Association; Ray Hunt, Houston Police Officers' Union; Mitch Landry, Texas Municipal Police Association (TMPA); (*Registered, but did not testify*: Anthony Marquardt, Association of Texas EMS Professionals; James McDade, Dallas Fire Fighters Association; Johnny Villarreal, Houston Fire Fighters Local 341; Glenn Deshields, Texas State Association of Fire Fighters; Aidan Alvarado, Texas State Association of Firefighters; Deborah Ingersoll, Texas State Troopers Association; Alexie Swirsky)

Against — (*Registered, but did not testify*: Hilary Shine, City of Killeen; Dana Blanton)

**BACKGROUND:** Texas Constitution, Art. 8, sec. 1-b(i) authorizes the Legislature to provide a partial or total residence homestead exemption to a 100 percent disabled veteran. Sec. 1-b(j) allows the Legislature to provide a partial or total residence homestead exemption to the surviving spouse of a 100 percent disabled veteran, provided that the spouse had not remarried, the property was the spouse's residence homestead at the time of the veteran's death, and the property remained the spouse's residence homestead.

**DIGEST:** HJR 30 would amend the Texas Constitution to allow the Legislature to provide a partial or total residence homestead exemption to a disabled first responder.

It also would allow the Legislature to entitle the surviving spouse of a

disabled first responder who qualified for the exemption to a partial or total residence homestead exemption, provided the surviving spouse had not remarried, the property was the spouse's residence homestead when the disabled first responder died, and the property remained the spouse's residence homestead.

The Legislature also could entitle a surviving spouse who had received an exemption and moved to a new homestead to an exemption on the new homestead. The exemption would be equal to the dollar amount of the exemption for the previous homestead in the last year in which it was received.

The Legislature by general law could define "first responder" and determine additional eligibility requirements for the exemption.

The ballot proposal would be presented to voters at an election on November 7, 2017. The proposal would read: "The constitutional amendment authorizing the legislature to provide for an exemption from ad valorem taxation of all or part of the market value of the residence homesteads of certain disabled first responders and their surviving spouses."

**SUPPORTERS  
SAY:**

HJR 30, in conjunction with HB 179 by Roberts, would help first responders on lifetime disability after being severely injured in the line of duty afford to stay in their homes by providing a total exemption from property taxes. By extending the exemption in certain circumstances to surviving spouses, the proposed amendment would signal that Texas honors the sacrifices of disabled first responders and their families.

The 85th Legislature, during its regular session, passed SJR 1 by Campbell, which, if approved by voters, would amend the Constitution to allow the Legislature to entitle the surviving spouse of a first responder who was killed or fatally injured in the line of duty to a full or partial homestead exemption, if the spouse had not remarried. In this same vein, HJR 30 would offer a well-deserved homestead exemption to another group of first responders who suffered life-changing disabilities and were unable to continue working, while also extending this tax relief to

surviving spouses.

There are likely only a few disabled first responders who would qualify for the exemption, resulting in no significant impact to taxing entities or other taxpayers.

**OPPONENTS  
SAY:**

HJR 30 would continue a pattern of exempting a specific category of people from local property taxes. No matter how deserving the recipients might be, these property tax exemptions can erode local tax bases and result in an increased tax burden on other taxpayers.

**NOTES:**

HB 179 by Roberts, the enabling legislation for HJR 30, is set for second-reading consideration on today's calendar.

According to the Legislative Budget Board's fiscal note, HJR 30 would have no fiscal implication to the state other than a cost of \$114,369 to publish the resolution.

**SUBJECT:** Property tax exemption for disabled first responders, surviving spouses

**COMMITTEE:** Ways & Means — favorable, without amendment

**VOTE:** 9 ayes — D. Bonnen, Y. Davis, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

2 absent — Bohac, E. Johnson

**WITNESSES:** For — Charley Wilkison, Combined Law Enforcement Associations of Texas, CLEAT; Frederick Frazier, Dallas Police Assoc.; Ray Hunt, Houston Police Officers' Union; Mitch Landry, Texas Municipal Police Association (TMPA); (*Registered, but did not testify*: Anthony Marquardt, Association of Texas EMS Professionals; James McDade, Dallas Fire Fighters Association; Johnny Villarreal, Houston Fire Fighters Local 341; John Carlton, Texas State Association of Fire and Emergency Districts; Glenn Deshields and Aidan Alvarado, Texas State Association of Firefighters; Deborah Ingersoll, Texas State Troopers Association; Alexie Swirsky)

Against — (*Registered, but did not testify*: Adam Cahn, Cahnman's Musings; Eric Glenn and Hilary Shine, City of Killeen)

**DIGEST:** HB 179 would entitle a qualifying disabled first responder to a property tax exemption of the total appraised value of the first responder's residence homestead.

First responders would include individuals listed under Government Code, sec. 615.003, including peace officers, certain probation and parole officers, jailers and prison guards, paid and volunteer firefighters, and paid and volunteer emergency medical service responders. A qualifying disabled first responder would be one who, as a result of an injury occurring in the line of duty, was entitled to receive lifetime income benefits under Labor Code, sec. 408.161 for injuries including loss of eyesight, loss of limbs, a spinal injury resulting in paralysis, certain

traumatic brain injuries, or certain third-degree burns.

The surviving spouse of a disabled first responder who had qualified for an exemption when the first responder died would be entitled to an exemption of the total appraised value of the same property if the surviving spouse had not remarried and the property remained the residence homestead of the surviving spouse.

If a surviving spouse who qualified for such an exemption subsequently qualified a different property as the surviving spouse's residence homestead and had not remarried, the surviving spouse would be entitled to an exemption of the new property in an amount equal to the dollar amount of the exemption for the former homestead in the last year in which the surviving spouse received an exemption. The surviving spouse would be entitled to receive from the chief appraiser a written certificate providing the necessary information to determine the amount of the exemption to which the surviving spouse was entitled on the subsequently qualified homestead.

The bill would make certain other changes to conform with the new tax exemption.

HB 179 would take effect January 1, 2018, contingent on voter approval of the constitutional amendment proposed by HJR 30, authorizing the Legislature to provide for a property tax exemption from all or part of the market value of the residence homesteads of certain disabled first responders and their surviving spouses. It would apply only to a tax year beginning on or after that date.

**SUPPORTERS  
SAY:**

HB 179 would provide a needed property tax exemption to those first responders who are receiving lifetime disability payments after having suffered severe injuries in the line of duty. The exemption would be allowed in rare cases, such as when a first responder's injuries resulted in paralysis, blindness, burns, or loss of limbs. As a result, the bill would not be expected to result in significant loss of revenue for local taxing units.

The bill would build on action taken during the regular session to provide a property tax exemption for the homestead of the surviving spouse of a

first responder who was killed in the line of duty. By providing a similar exemption for first responders disabled in the line of duty, Texans would send a message to first responders that their service to the community will not be forgotten.

Lifetime disability payments provide only about 60 percent of a first responder's regular paycheck, leaving those affected first responders and their families to struggle with financial costs after a disability. The bill would recognize the tremendous sacrifices of disabled first responders and ensure that they and their surviving spouses were not taxed out of their homes.

OPPONENTS  
SAY:

HB 179 would continue a pattern of providing tax exemptions to specialized categories of homeowners. However deserving disabled first responders may be, specialized exemptions increase the tax burden on other homeowners. A better policy would be to end specialized tax exemptions and reduce property taxes for all homeowners.

NOTES:

HB 179 is the enabling legislation for HJR 30 by Roberts, which is set for second-reading consideration on today's Constitutional Amendments Calendar.

SUBJECT: Changing annexation procedures and restrictions

COMMITTEE: Land and Resource Management — committee substitute recommended

VOTE: 7 ayes — Herrero, Bell, Bailes, Blanco, Faircloth, Krause, Stucky  
0 nays

SENATE VOTE: On final passage, July 26 — 19-12 (Garcia, Hinojosa, Lucio, Menéndez, Miles, Rodríguez, Seliger, Uresti, Watson, West, Whitmire, Zaffirini)

WITNESSES: No public hearing

DIGEST: CSSB 6 would divide municipalities into two categories for the purpose of annexation authority. A "tier 1 county" would be Hidalgo County or any county with a population of fewer than 500,000. A "tier 1 municipality" would be a city located in one of these counties that proposed to annex an area located in one or more of these counties.

A "tier 2 county" would be a county with a population of 500,000 or more, other than Hidalgo County. A "tier 2 municipality" would be one wholly or partly located in a tier 2 county or would be one wholly located in one or more tier 1 counties that proposed to annex any part of a tier 2 county.

Tier 1 municipalities generally would be subject to current annexation requirements. Tier 2 municipalities would be subject to new requirements and certain restrictions under CSSB 6.

**Annexation generally.** CSSB 6 would allow any person residing or owning land in any annexed area, not just those in areas annexed by cities with a population of less than 1.6 million as in current law, to enforce a service plan by applying for a writ of mandamus.

The bill would apply to all municipalities several provisions in current law that apply only to municipalities smaller than 1.6 million, including a requirement to negotiate with property owners for services in areas to be



annexed.

Under the bill, a municipality proposing to annex an area would be required to notify public entities providing services to the area, such as a volunteer fire department or emergency medical services provider, prior to the first hearing required by CSSB 6.

CSSB 6 would restrict to certain tier 1 municipalities the existing authority to annex without consent certain roads and railway lines running adjacent and parallel to the city's boundaries. However, tier 2 municipalities could annex a road or right-of-way by request of the owner or governing body of a political subdivision that maintained the road under the procedures applicable to a tier 1 municipality.

**Tier 2 annexation with full consent.** CSSB 6 would create a process for tier 2 municipalities to annex, fully or for limited purposes, an area upon the request of every landowner. This process would require a service agreement and public hearings.

**Tier 2 annexation without full consent.** Areas with a population of fewer than 200 could be annexed, fully or for limited purposes, by a tier 2 municipality only by petition of more than 50 percent of the registered voters that included at least half the landowners in the area.

Areas with a population of 200 or more could be annexed by a tier 2 municipality only by approval of a majority of registered voters in the area at an election. If more than 50 percent of the land in the area was not owned by registered voters in the area, the municipality also would be required to receive consent through a petition signed by more than 50 percent of the landowners.

A municipality annexing an area of any population without consent of every landowner would have to:

- provide a list of services to be provided on or after the effective date of annexation;
- mail notice of the proposed annexation to each resident and property owner in the area; and

- hold hearings during and after the petition or election period.

If the petition or election failed to meet the given threshold, the municipality could not annex the area and could not try again for another year. A municipality would be prohibited from retaliating, and existing legal obligations, including the provision of government services, would remain in place following such a disapproval.

**Annexation near military bases.** CSSB 6 would, prior to annexation of an area within five miles of a military base, require an agreement between a municipality and a military base to maintain the compatibility of the land's use with the base's operations, in addition to the above requirements relating to the consent of landowners and residents.

**Exceptions.** Annexation of areas owned by the municipality, or areas involving certain strategic partnership agreements, navigable streams within the municipality's extra-territorial jurisdiction, or industrial districts, would not be subject to the petition or election procedures.

**Effective date.** The bill would take effect December 1, 2017, and would apply only to annexations not yet finalized as of that date.

**SUPPORTERS  
SAY:**

CSSB 6 would restrict forced annexation and thereby protect the rights of residents and landowners. Under current law, Texans have limited power to stop a city from annexing their land, meaning that they can find themselves within the jurisdiction and taxing authority of a municipality when they have intentionally chosen to live outside of city limits. Taxpayers can then become responsible for paying for bonds and services for which they neither voted nor approved, which is tantamount to taxation without representation.

The bill would not prohibit cities from annexing territory to expand their tax bases. On the contrary, it would streamline the process and allow the city to make its case to the residents and landowners. Annexation may not always be a net gain for locals in the annexed area because special districts, such as municipal utility districts, can do an exceptional job of providing the same services at a lower cost, and residents should be allowed to determine for themselves the benefits of being annexed. Cities

also should not rely on annexation to balance their budgets. They instead should live within their means and expand only with the consent of those they would serve.

Any costs imposed on cities to comply with the bill would be minimal and easily recouped if annexation were successful. Even a small portion of new tax revenue from a single year would likely be sufficient to fund an election and administrative costs.

Limited purpose annexation has become a vehicle for cities to impose regulations on areas without providing services or representation. CSSB 6 would resolve this issue by requiring cities to obtain voter approval, just as with full annexation.

Landowners should be petitioned separately from residents because they are more heavily invested in living in the area than are renters, who may be short term residents and often leave the area after a brief residency. Any increase in the property tax burden would be more directly felt by the property owners in the area and likely would have less impact on renters.

CSSB 6 would not necessarily result in base closures, as there are other ways of preventing incompatible development and annexation is only one of several tools. Moreover, the presence of a military base should not invalidate one's right to representation: residents near military bases should be afforded the same protections against forced annexation as everyone else.

**OPPONENTS  
SAY:**

CSSB 6, by taking away a key tool held by cities, could threaten the vitality of the urban centers that propel the state's economic strength. Annexation makes sense because the vast majority of those who live just outside city limits commute into the city and rely on infrastructure, cultural attractions, and other essentials that are built and maintained by city tax revenue. Without successful annexation, cities would be unable to recoup costs and provide sufficient services, limiting economic potential. While approval could be received at an election, residents may not realize the scope of the benefits of annexation for their surrounding community and may instead focus only on the direct costs.

Unlike most states that strongly limit annexation in the manner proposed by CSSB 6, Texas directly shares no state tax revenue with municipalities and places burdens on cities to provide services that are not provided at the state level. This bill also could threaten essential economic development incentives funded and offered by cities, which are key to staying competitive with other states and attracting businesses and new residents to Texas.

CSSB 6 would increase costs on cities in several ways. It would impose a direct cost for elections and essentially would require taxpayers of a city to subsidize an election outside the city's current boundaries. Also, requiring a different service agreement for each new area to be annexed would result in administrative burdens and confusion.

Under the bill, even if the broader population of residents of the area voted to agree to be annexed, landowners could exercise a veto over the approval of the residents. Land ownership should not be afforded special status or consideration in the annexation process.

CSSB 6 could put military bases at risk of closure, threatening billions of dollars of economic activity brought into the state. One of the major considerations during the Base Realignment and Closure process is compatible land use near bases, as lights can interfere with night training and buildings can interfere with airfields, for example. Annexation is a critical tool to ensure compatible development, but the bill would effectively prohibit cities from annexing at all within five miles of a military base, as it would make annexation contingent on an agreement with the military and the military cannot enter into land use agreements with municipalities.

The bill should be amended to remove the requirements for an agreement with the military and consent from landowners within the five-mile buffer zone and instead include provisions requiring the city to incorporate recommendations for the most recent Joint Land Use Study.

**NOTES:**

A companion bill, HB 6 by Huberty, was left pending following a public hearing of the House Committee on Land and Resource Management on

August 2.

The committee substitute differs in several ways from the bill as passed by the Senate, including that the committee substitute would:

- include counties with populations between 125,000 and 500,000 and Hidalgo County in the tier 1 county category;
- require an agreement with the military base before annexation of an area within five miles, rather than a quarter-mile, of the base; and
- not require voter approval of annexation of certain areas in Travis County under authority from an existing strategic partnership agreement.